

Message Text

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SUBJ: COMPUTER TRADE MISSION (FEB-MAR, 1974) - DESK STUDY
ON SOFTWARE

REF: STATE 134587: BRUSSELS 2571

1. EDP ACTIVITY IN BELGIUM IS EXPANDING RAPIDLY. SALES OF EDP HARDWARE IN BELGIUM IN 1972 ARE ESTIMATED TO HAVE BEEN ABOUT 200 MILLION DOLLARS AND THE MAJOR HARDWARE PRODUCERS ARE WELL REPRESENTED IN THE MARKET. THE LEADING FIRMS IN BELGIUM TODAY ARE IBM, SIEMENS AND HONEYWELL-BULL. UNIVAC, BURROUGHS AND CONTROL DATA ARE ALSO IMPORTANT.

2. SOFTWARE TECHNIQUES AND KNOWLEDGE OF HOW TO USE SOFTWARE ARE NOT WELL DEVELOPED IN BELGIUM, HOWEVER AND OUR BRIEF REVIEW OF THE MARKET HAS SHOWN THAT AMERICAN EXPORTERS OF BOTH MARKET ORIENTED AND INDUSTRY ORIENTED SOFTWARE PACKAGES RPT. PACKAGES ARE NEEDED, THOSE COVERING PERFORMANCE PREDICTION, CONTROL PROCEDURES AND OUTFLOW TECHNIQUES WILL FIND THE MOST READY BUYERS HERE.

3. BELGIANS ARE TRADITIONALLY VERY RELUCTANT TO DIVULGE THEIR FINANCIAL DATA, PROFESSIONAL FRAMES OR SITUATIONS TO ANY 'OUTSIDERS' BUT THIS SECRETIVENESS IS SLOWLY BREAKING DOWN- EVEN AMONG THE MANY SMALL AND MEDIUM (50-300 EMPLOYEES) FAMILY-OWNED FIRMS. DURING THE PAST DECADE MANY OF THESE

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FIRMS PREFERRED TO INSTALL THEIR OWN SMALL COMPUTERS AND

DESIGN THEIR OWN PROGRAMS RATHER THAN REVEAL ANYTHING TO 'OUTSIDERS'. IN THIS WAY THEIR 'SECRETS' REMAINED SAFE. MANY OF THESE FIRMS DISCOVERED HOWEVER, THAT THEIR LACK OF SOFTWARE KNOW-HOW PREVENTED THEM FROM ECONOMICALLY UTILIZING THEIR EXPENSIVE HARDWARE AND THEY ARE NOW SEEKING HELP FROM OUTSIDE SOFTWARE FIRMS. THE MARKET POTENTIAL IN BELGIUM FOR AMERICAN EXPORTERS OF SOFTWARE PACKAGES, KEYED TO ALREADY INSTALLED HARDWARE, AT FIRMS WITH LESS THAN THREE HUNDRED EMPLOYEES, IS EXCELLENT. BASIC LANGUAGE IS STILL PREFERRED BY THESE CUSTOMERS.

4. AT PRESENT IN BELGIUM THERE ARE ABOUT FORTY-FIVE WELL REPUTED FIRMS SELLING SOFTWARE. OF THESE, TEN ARE AMERICAN OWNED AND FIFTEEN ARE OWNED BY OTHER NON-BELGIANS (MAINLY FRENCH). THE MOST IMPORTANT SOFTWARE HOUSES IN BELGIUM TODAY ARE SOBEMAP (BELGIAN), C.A.P. BELGIUM (FRENCH), C.E.S. (BELGIAN) AND C.I.G. (BELGIAN). MOST OF THE MAJOR HARDWARE MANUFACTURERS, OF COURSE, ALSO SELL SOFTWARE AS WELL. ALTHOUGH INNOVATIONS SUCH AS NATURAL LANGUAGE AND ABSTRACTING ARE WELL KNOWN TO EXPERTS IN BELGIUM, SMALLER USERS OF EDP EQUIPMENT ARE HESITANT TO USE THEM.

5. ANOTHER IMPORTANT FACTOR WHICH POTENTIAL AMERICAN EXPORTERS OF SOFTWARE MUST KEEP IN VIEW WHEN EVALUATING THE BELGIAN MARKET IS AN AGREEMENT ON COMPUTERS SIGNED BY THE BELGIAN GOVERNMENT IN 1970 WITH SIEMENS (GERMANY) AND PHILIPS (NETHERLANDS). IN ORDER TO INDUCE THESE TWO FIRMS TO ESTABLISH COMPUTER HARDWARE MANUFACTURING PLANTS IN BELGIUM, THE GOVERNMENT AGREED THAT OVER A FIVE YEAR PERIOD IT WOULD PURCHASE AT LEAST HALF OF ITS COMPUTER HARDWARE FROM THEM. SOFTWARE PROGRAMS SOLD TO THE BELGIAN GOVERNMENT, THEREFORE, MUST TAKE THIS HARDWARE BIAS INTO ACCOUNT. ANOTHER GOVERNMENTAL FACTOR TO BE WEIGHED IS THAT THE RTT (GOVERNMENT MONOPOLY FOR TELEPHONE AND TELEGRAPHS) OPERATED SIXTEEN SIEMENS COMPUTERS. THE RTT SELLS BOTH TIME AND PROGRAMS ON THIS EQUIPMENT TO PRIVATE CONCERNS IN DIRECT COMPETITION WITH PRIVATE INDUSTRY.

6. AT THE END OF 1972, APPROXIMATELY 4,750 COMPUTER UNITS WERE INSTALLED IN BELGIUM OF WHICH ABOUT 1,200 UNITS HAD COST UNCLASSIFIED

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OVER DOLS 75,000 EACH. ANOTHER 657 UNITS WERE KNOWN TO BE ON ORDER. ALTHOUGH EXACT FIGURES ARE UNAVAILABLE, EXPERTS ESTIMATE THAT THE MONEY SPENT ON THE PURCHASE OF SOFTWARE AVERAGES 50 O/O OF THE VALUE OF HARDWARE SALES.

7. ON AN OPERATING BASIS, SOFTWARE COST ACCOUNT FOR 22 O/O AND OPERATING COSTS ARE ABOUT 36 O/O).

8. IT IS OUR CONCLUSION THAT THE MARKET IN BELGIUM FOR SOFTWARE EXPORTS FROM THE UNITED STATES OVER THE NEXT THREE YEARS IS GOOD. WE BELIEVE THAT SALES TO INSURANCE FIRMS, TO BANKS AND TO THE BELGIAN GOVERNMENT OFFER THE GREATEST POTENTIAL FOR SALES TO LARGE ENTITIES. THE GOVERNEMENT'S PROPOSED 'BANQUE DES DONNEES' (CENTRAL DATA BANK COVERING VITAL STATISTICS ON EVERY CITIZEN) AND ITS 'CENTRE D'INFORMATION ECONOMIQUE' (CENTRAL ECONOMIC DATA BANK) BOTH OFFER VALUABLE POTENTIAL MARKETS FOR AMERICAN SOFTWARE EXPORTERS. AT THE OTHER END OF THE SPECTRUM, WE ALSO SEE A SUBSTANTIAL EXPORT MARKET FOR THE UNITED STATES AMONG THE TRADITIONALLY SECRETIVE SMALL AND MEDIUM BELGIAN FIRMS WHICH ALREADY HAVE BOUGHT HARDWARE AND NOW FIND THEY CANNOT EXPLOIT IT PROFITABLY. THIS WILL BE A PARTICULARLY TOUGH MARKET SEGMENT TO BREAK OPEN BUT ONE WHICH COULD BE EXTREMELY PROFITABLE FOR THE SMALLER AMERICAN SOFTWARE EXPORTERS.

9. WASHINGTON MAY ALSO WISH TO REVIEW DATA ON COMPUTER HARDWARE MARKET CONTAINED BRUSSELS REFTEL.
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